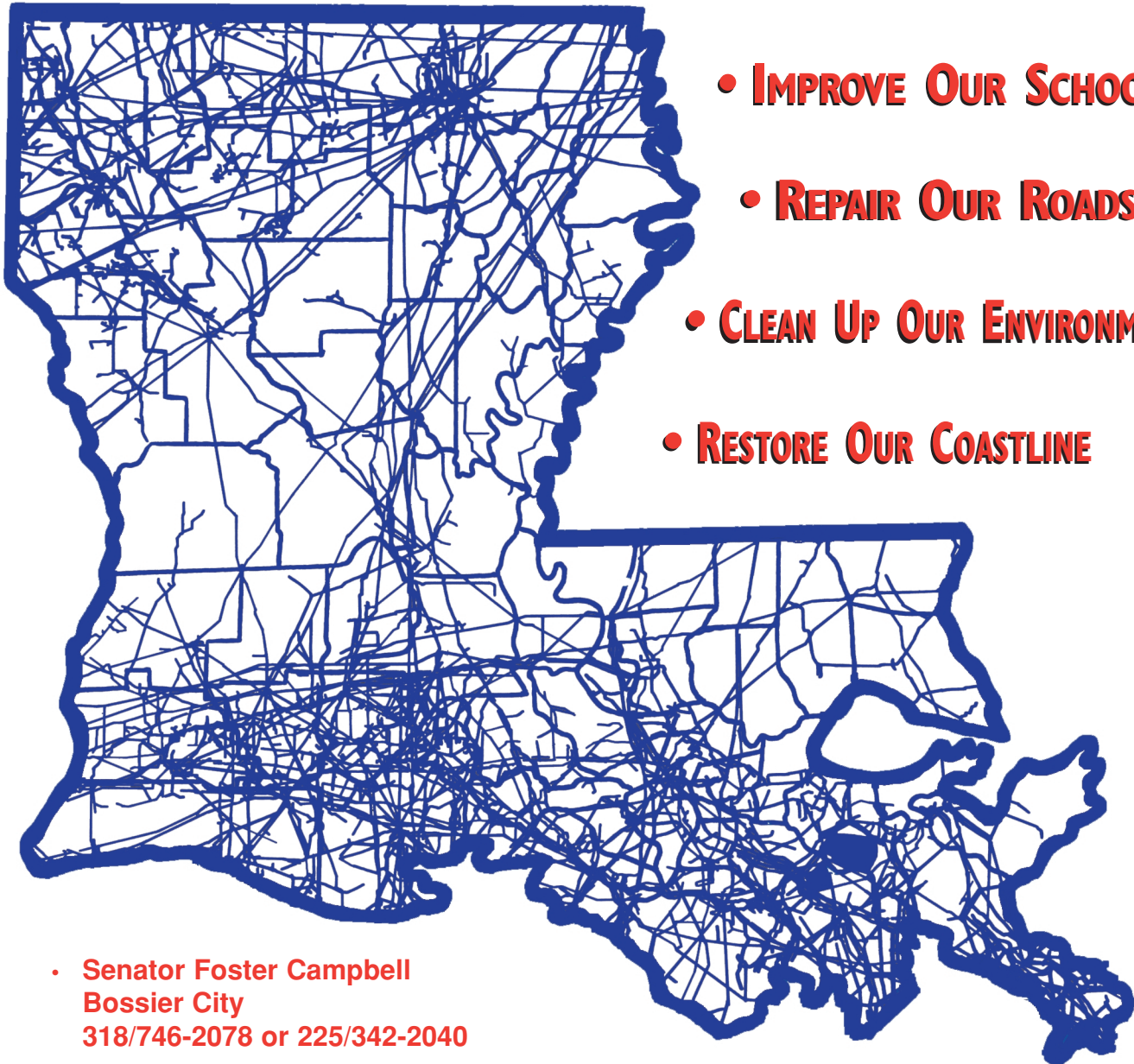


AT LAST, A PLAN FOR LOUISIANA TO...



- **IMPROVE OUR SCHOOLS**
- **REPAIR OUR ROADS**
- **CLEAN UP OUR ENVIRONMENT**
- **RESTORE OUR COASTLINE**

- **Senator Foster Campbell**
Bossier City
318/746-2078 or 225/342-2040
- **Senator Donald Cravins**
Lafayette
337/234-9695 or 225/342-2040
- **Senator Joe McPherson**
Alexandria
318/484-2211 or 225/342-2040

**OIL AND GAS TRANSMISSION PIPELINES TOTAL
40,000 MILES IN LOUISIANA.**

(Louisiana DNR)

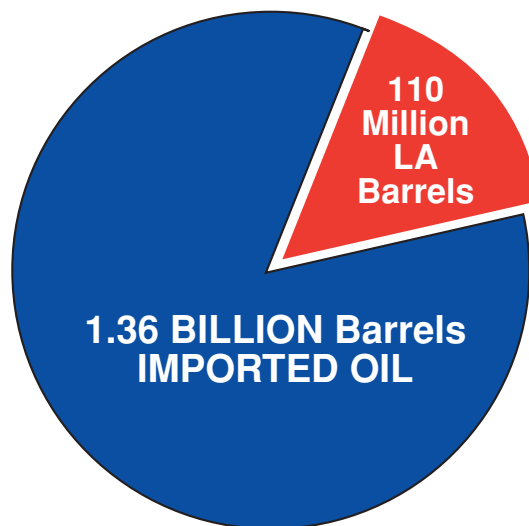
...AND SOLVE OUR STATE'S FISCAL CRISIS

THE OIL AND GAS PROCESSING TAX IS THAT PLAN.

Since the 1920s Louisiana has taxed only that oil and gas actually produced in the state. This method may have worked in the early 20th Century but is badly outdated in the year 2000. More than nine times more oil is imported into Louisiana for processing than is actually produced here, but the importers of that foreign oil pay no tax. Louisiana bears the burden of pollution, coastal erosion and infrastructure costs while our schools and highways suffer from neglect and insufficient funding.

Now state government is facing a budget crisis and some political leaders want to raise sales taxes on food and utilities. Others want to increase your property and income taxes.

An OIL AND GAS PROCESSING TAX can generate more than one billion dollars a year, benefitting our schools, roads and environment while cutting the state sales tax on food and utilities and reducing the state gasoline tax.

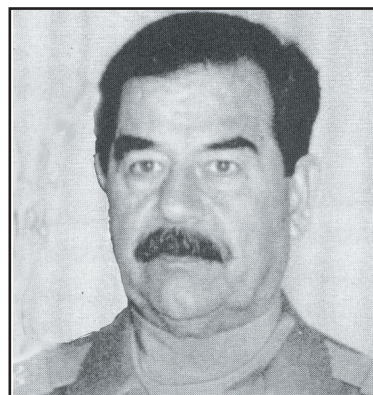
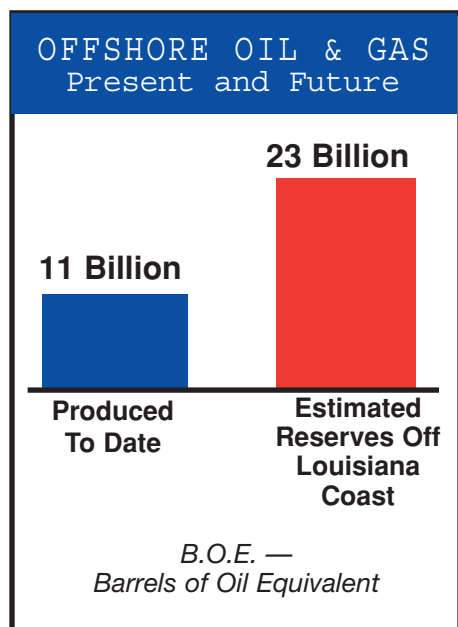


CRUDE OIL PROCESSED IN LOUISIANA, PROJECTED 2000 VOLUMES:

- 110 Million Barrels of In-State Production
- 1.36 BILLION Barrels Imported from Foreign Countries, Other States and the Outer Continental Shelf

(Louisiana DNR)

Who Will Pay? LOUISIANA FAMILIES OR BRITISH PETROLEUM, EXXON, TEXACO, ROYAL DUTCH SHELL AND IRAQ?



Iraq shipped 21.2 million barrels of oil to Louisiana for processing in the first 10 months of 1999 - and ***paid no tax.***

(Louisiana DNR)

HERE'S HOW IT WOULD WORK: IF THEY VOTE YES, YOU GET TO VOTE.

The Oil and Gas Processing Tax is authored by State Senators Foster Campbell, D-Bossier City; Don Cravins, D-Lafayette; and Joe McPherson, D-Alexandria. They will present this progressive plan to the Legislature in the 2000 Regular Session as a constitutional amendment, Senate Bill 1, and it must receive a two-thirds' vote in both houses. The amendment would remove the Severance Tax from the Louisiana Constitution and replace it with the Processing Tax. As with all constitutional amendments, the Processing Tax would – if passed by the Legislature – go to the people of Louisiana for your final say in a statewide election.

Passage at the polls would mean that the billions of barrels of foreign oil and millions of cubic feet of natural gas flowing into our state would be taxed for the first time ever. At the same time, Louisiana oil and gas producers would see their taxes lowered because this plan eliminates the 12-1/2 percent severance tax. Local producers would no longer shoulder the entire burden of state oil and gas taxation.

WHO BENEFITS?

OUR SCHOOLCHILDREN, MOTORISTS, TAXPAYERS...

- **WE'LL PAY OUR EDUCATORS A DECENT WAGE.**

Louisiana schoolteachers, the backbone of our educational system, are among the lowest-paid in the United States. The Oil and Gas Processing Tax will enable Louisiana to pay its elementary and secondary schoolteachers at the Southern average and raise salaries for college professors.

- **WE'LL GIVE LOUISIANA THE ROAD SYSTEM IT NEEDS.**

Our roads are consistently rated among the worst in the country. The Processing Tax will make possible the largest-ever appropriation to our state highway department for overlay, maintenance and major new road construction.

- **WE'LL CLEAN UP OUR ENVIRONMENT.**

Experts say oil exploration and development worsen Louisiana's crisis of coastal erosion and contribute to pollution of our water, air and land.* Major oil companies should help pay to solve these problems, and the Processing Tax on foreign oil and gas will do just that.

- **WE'LL CUT STATE SALES AND GAS TAXES.**

Processing Tax proceeds would replace the punitive and regressive three-cent sales tax on food and utilities, giving relief to millions of Louisiana consumers and businesses. We will also reduce state gasoline taxes by five cents a gallon.



**(Minerals Management Service)*

DOESN'T THE OIL INDUSTRY PROVIDE JOBS AND PAY ITS SHARE OF TAXES?



So says the Baton Rouge lobbying arm of major oil companies, the Louisiana Mid-Continent Oil and Gas Association. LMOGA says the Processing Tax would "cost jobs, stop new investments and severely damage the state."

When it's not fighting the Processing Tax LMOGA is defending Louisiana's generous industrial tax breaks given to its members. *Time* Magazine reported in November 1998 that Louisiana granted Mobil Corp. a \$29-million tax break in exchange for one job created.

Time also found that a Louisiana plant, Borden Chemicals and Plastics, was fined a record \$3.6 million by the EPA for environmental violations. *Time* reported: "For over the past decade, while the plant had been fouling the land, water and air of Louisiana, the state has excused the company from paying \$15 million in property taxes as part of just one of its corporate-welfare programs."

From 1988 to 1997, according to *Time*, Louisiana granted nearly \$60 million in tax breaks to just 10 companies, most of them oil and gas or petrochemical, and gained only 122 jobs in return.

Despite these generous tax breaks major oil companies are transferring many white-collar jobs from New Orleans and Lafayette to Houston, disrupting the economies of these two Louisiana cities. *

 $=$ 

\$29-Million Tax Break

One Job Created

Louisiana granted Mobil Corp. a \$29-million tax break in exchange for one job.

*-- Time Magazine
November 9, 1998*

WILL THIS TAX AFFECT THE PRICE OF GAS? **OUR PROPOSAL WILL RESULT IN A NET DECREASE...**



Our critics say the Oil and Gas Processing Tax will raise the cost of gasoline in Louisiana. Oil companies have raised gasoline prices by more than 60 cents a gallon during the last six months despite reaping record profits. We estimate the Processing Tax will raise gasoline prices three cents a gallon, not just in Louisiana but in all states where Louisiana-processed petroleum products are sold. To lessen the burden on Louisiana motorists we propose to lower the state gasoline tax by five cents. Thus our proposal will result in a net decrease of two cents per gallon on the cost of gasoline, in addition to paying our teachers a fair salary, paving our roads and cleaning up our environment.

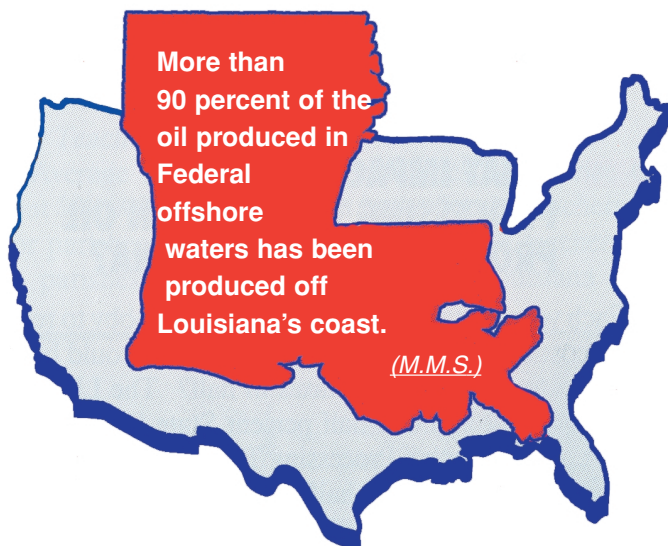
*New Orleans Times Picayune
Lafayette Daily Advertiser, March 2000

THE PROCESSING TAX WILL SPUR EFFICIENCY AND PROTECT THE ENVIRONMENT.

Former Louisiana Environmental Secretary Dr. Paul Templet says states with energy-efficient industries tend to have cleaner environments and healthier economies. Louisiana industry is noteworthy for wasting energy and the state routinely records high pollution levels, says Templet, LSU Professor of Environmental Studies.

As if waste and pollution weren't bad enough, Dr. Templet says Louisiana consumers and small businesses pay another price for the wastefulness of Louisiana heavy industry. While the industrial sector pays 35 percent less than the U.S. average for energy, commercial customers pay 21 percent more and residential utility customers pay 17 percent more.

Dr. Templet says a Processing Tax on oil and gas would prompt plants to become more efficient to reduce their taxes. Louisiana would see less toxic material discharged into the air and water because more efficient plants pollute less.



Who Pays THE ENERGY BILL?

LA RESIDENTS AND BUSINESSES SUBSIDIZE INDUSTRY

LA Small Businesses
Pay \$288 Million
MORE

LA Residents Pay
\$366 Million
MORE

U. S. AVERAGE ENERGY BILL

LA Industry Pays
\$1.8 BILLION
LESS

Research by LSU Environmental Studies Professor Dr. Paul Templet shows that Louisiana residents and businesses pay significantly higher energy prices compared to the national average while heavy industry pays much less. Templet says this subsidy encourages waste and pollution by industry.

(U. S. D.O.E., Energy Information Administration)

CONCLUSION

Should Louisiana use a 1920s-era system to tax oil and gas companies in the year 2000? Should local producers pay all state oil and gas taxes while foreign producers like Iraq, Saudi Arabia and Venezuela use our state tax-free?

When Louisiana faces a deficit of more than a half-billion dollars, should we ask our overworked consumers and small businesses to pay more while ExxonMobil, Petroleos de Venezuela, Texaco, British Petroleum and Royal Dutch Shell are let off the hook?

Louisiana's rate of child poverty of 39 percent is second-highest in the nation, behind only the District of Columbia. Our schools are struggling, our highways are perennially rated among the worst in the nation, and our environmental problems are monumental.

At what point do we say, "Enough is enough! We need a plan to solve our problems."

**THE OIL AND GAS PROCESSING TAX
IS THAT PLAN!**

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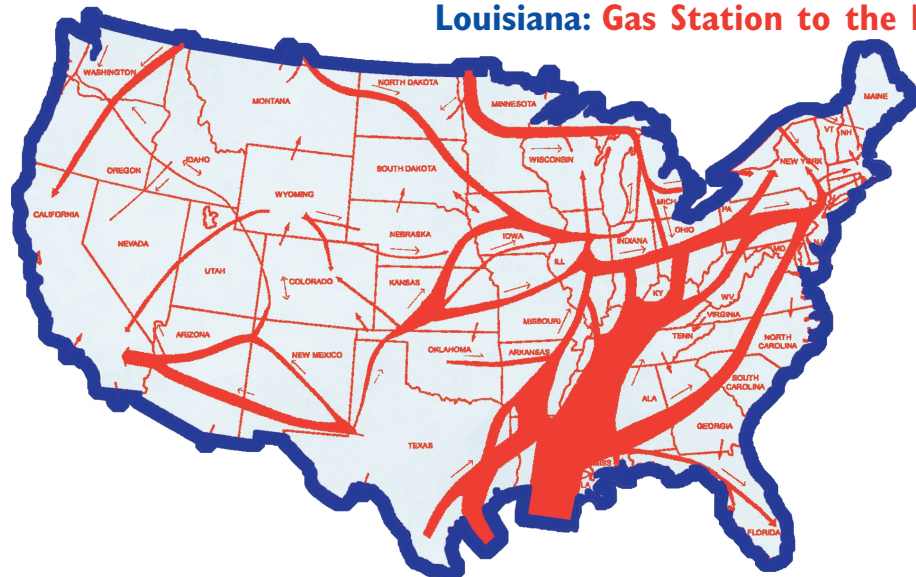
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Louisiana: Gas Station to the Nation



Louisiana plays a major role in providing oil and gas products to the nation, as illustrated by this map summarizing the interstate flow of natural gas. Louisiana is second in the nation in natural gas production and also second in crude oil production and primary petrochemicals manufacturing.

Map: 1998, U.S. D.O.E., Energy Information Administration. Facts: EIA and Louisiana DNR

CONTACT YOUR LEGISLATORS TODAY

"With the Mississippi River to provide cheap transportation, a network of ancillary industries to buy their products, the close proximity of an abundant supply of raw materials, cheap energy, industry-tolerant environmental regulations and 40,000 miles of pipeline in the ground, the oil industry isn't about to leave."

— Senator Foster Campbell

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